

RENEWABLE AND CLEAN PORTFOLIO STANDARD UD-19-01

UTILITY, CABLE, TELECOMMUNICATIONS, AND TECHNOLOGY COMMITTEE

MAY 19, 2021



Background

- **March 28, 2019** – R-19-109 adopted initiating docket UD-19-01 to establish an RPS
- **April 16, 2020** – R-20-104 adopted to provide additional guidance to parties
- **October 13, 2020** – Advisors submit proposed regulations
- **March 25, 2021** – R-21-109 adopted, 30-day comment period for parties to address Council's edits to the proposed regulations
- **April 26, 2021** – Parties responses to Council's edits due



Who Participated in the Process

- In the rulemaking proceeding to develop these regulations the Council received 51 sets of comments and letters from over 25 different entities.

- Air Products and Chemicals, Inc.
- Alliance for Affordable Energy
- Alliance for Transportation Electrification
- American Association of Blacks in Energy
- Center for Climate and Energy Solutions
- Center for Sustainable Engagement and Development
- Climate Reality Project, New Orleans Chapter
- Deep South Center for Environmental Justice
- Edison Electric Institute
- Entergy New Orleans, LLC
- Greater New Orleans Housing Alliance
- Greater New Orleans Interfaith Climate Coalition
- Gulf States Renewable Energy Industries Association
- Jensen Companies
- Joule
- Justice Alliance
- National Audubon Society
- New Orleans Chamber
- PosiGen Solar
- Sierra Club
- South Coast Solar
- Southern Renewable Energy Association
- STEM Nola
- Third Way
- Tulane Energy Institute Professors Smith and Connor of
- Union of Concerned Scientists
- United States Business Council for Sustainable Development,
- Vote Solar
- 350 New Orleans

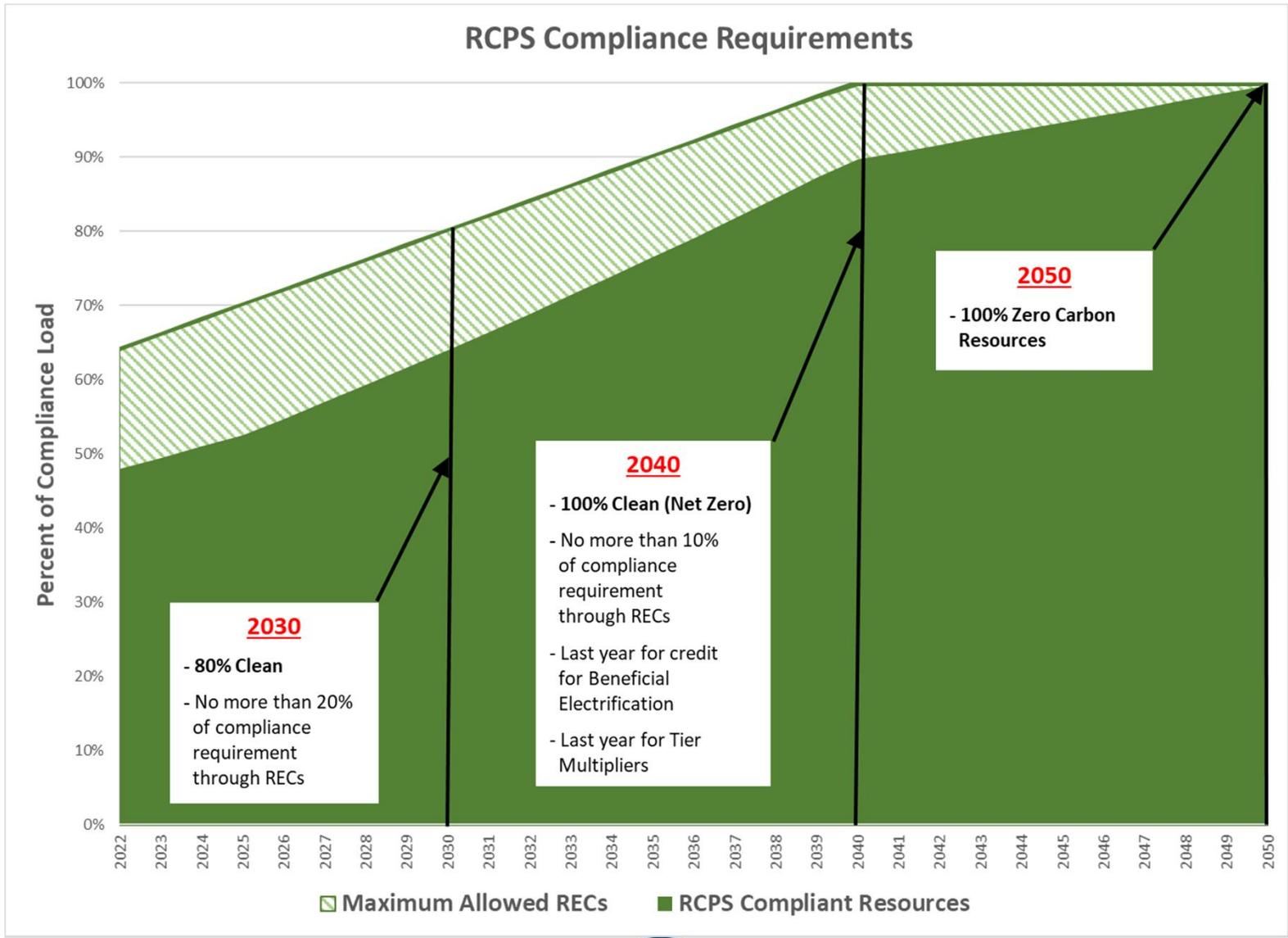


RCPS Overview

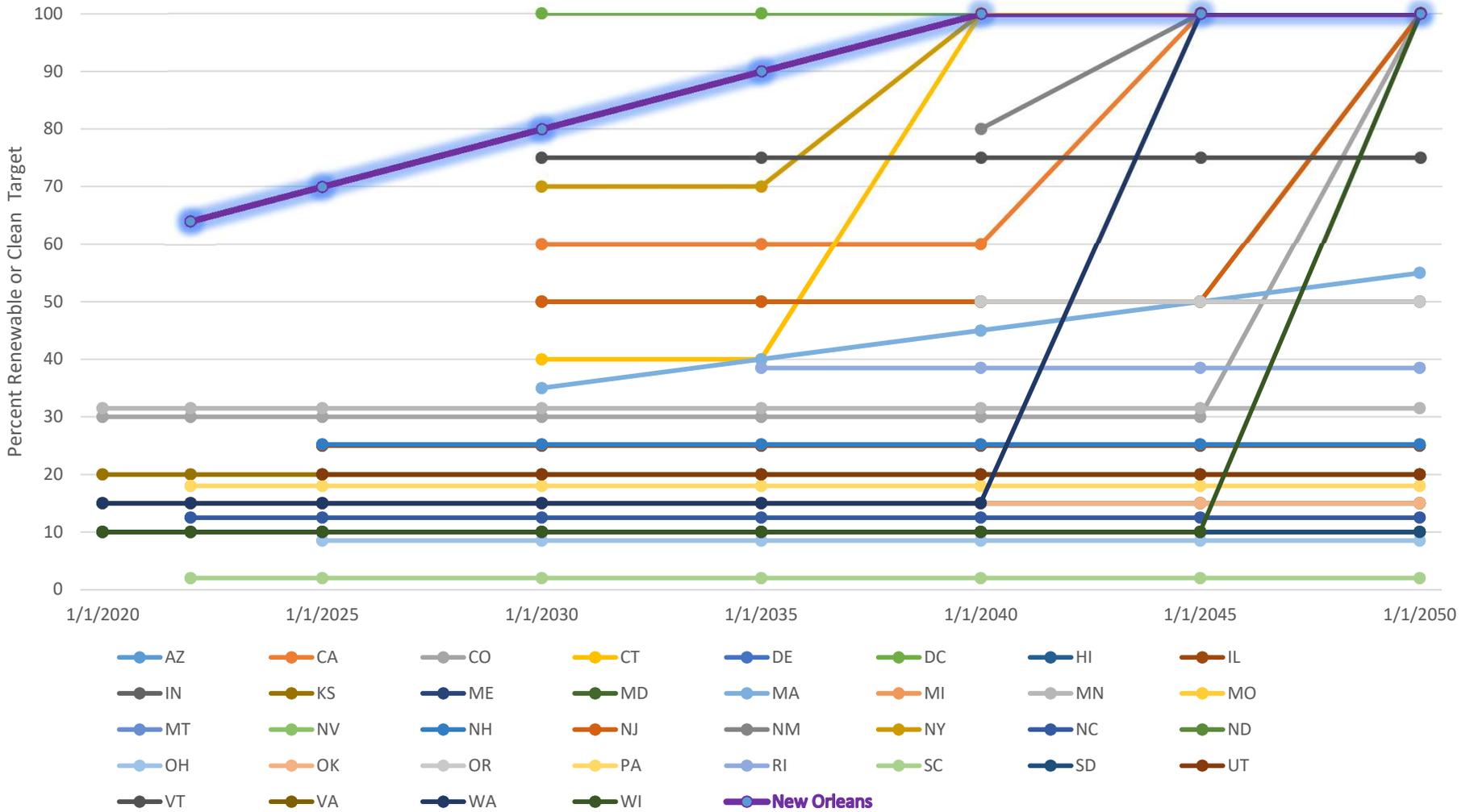
- Requires 100% net zero carbon emission resources by 2040 and 100% zero carbon emission resources no later than 2050.
- Limits and phases out the use of renewable energy credits (“RECs”) purchased without the associated energy - pushes Entergy New Orleans towards a truly clean portfolio. RECs that are used for compliance must be independently certified and tracked.
- Mandatory, enforceable standard, with reporting requirements.
- Entergy must file three-year compliance plans with the Council for approval prior to implementation.
- An array of zero-carbon emissions resources such as renewable energy, energy efficiency, and nuclear power count toward annual compliance.
- High-priority resources are placed into a Tier that earn higher compliance credits.
- A Customer Protection Cost Cap limits costs to not more than 1% of utility retail sales.
- In years where the Utility is unable to comply with the RCPS through reasonable measures, it shall pay an Alternative Compliance Payment into a CleanNOLA Fund, to be used for RCPS compliance purposes.



RCPS Overview



RPS Targets by Year
 State Renewable and Clean Energy Targets
 vs.
 Proposed New Orleans Clean Energy Target



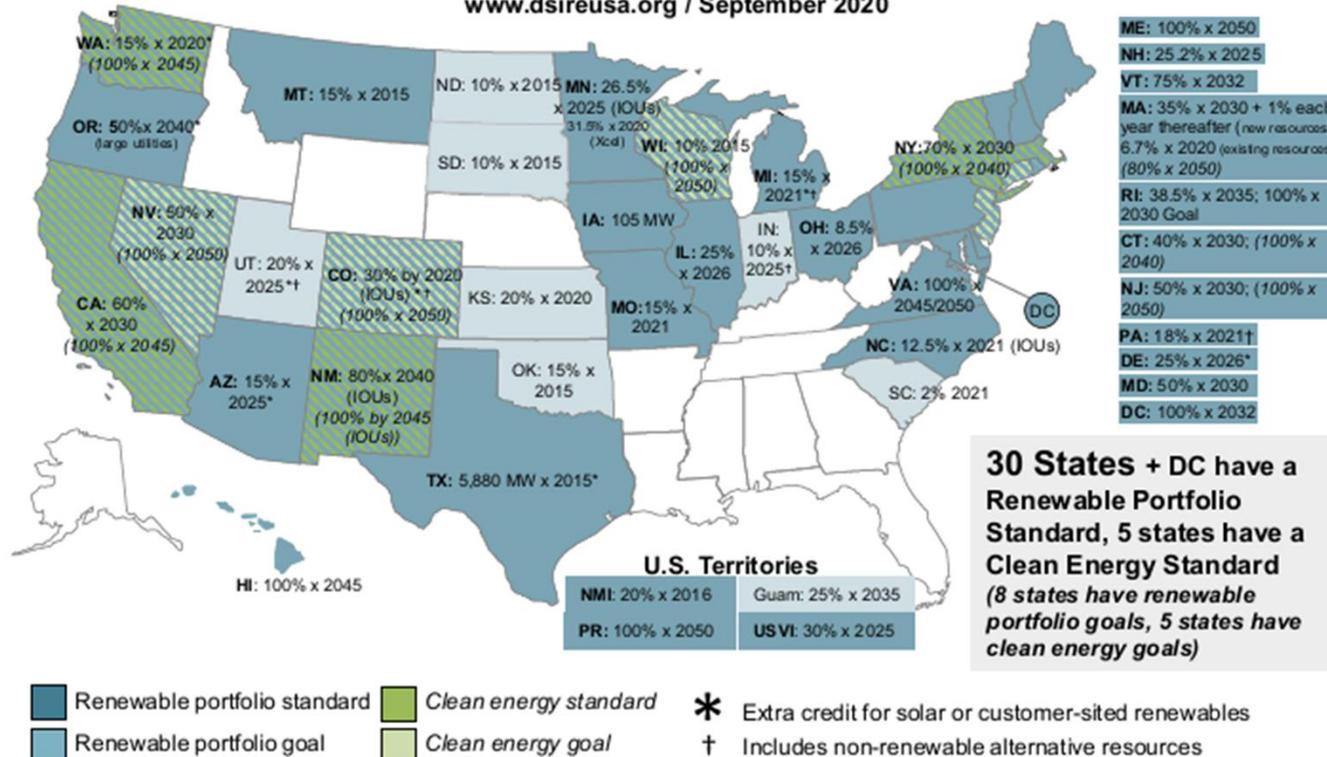
Flexibility Consistent with National Trends

- More and more states are moving in this direction. Over the last three years, ten states that had renewable portfolio requirements have added some form of clean energy standard.



Renewable & Clean Energy Standards

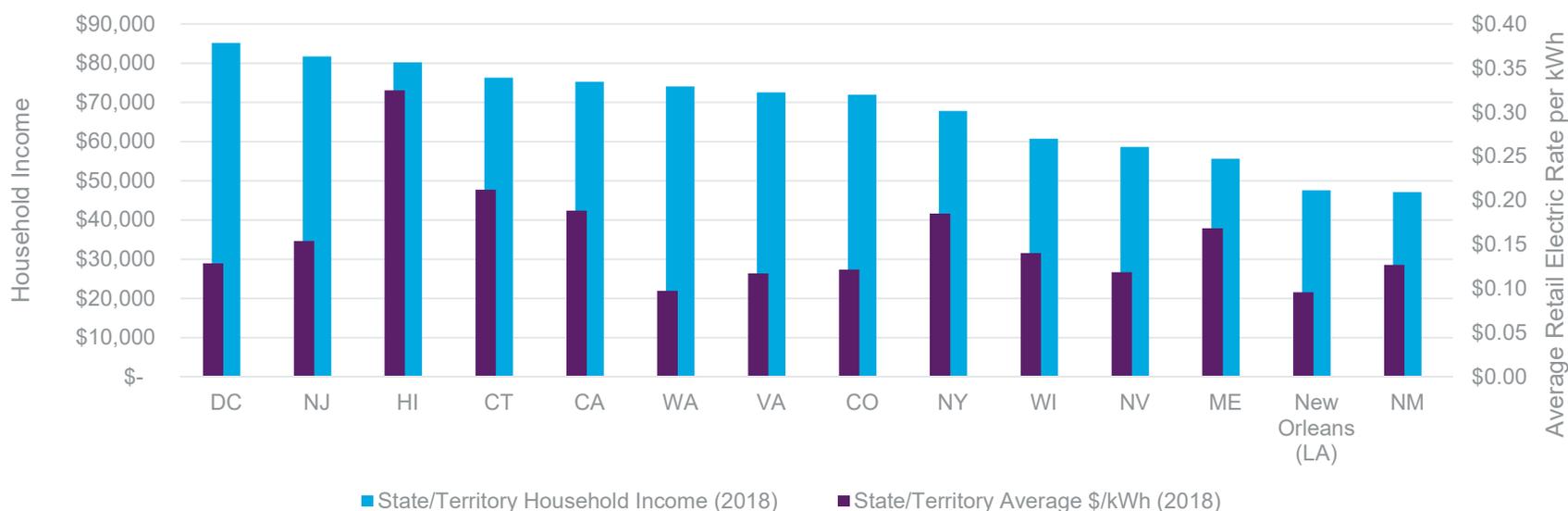
www.dsireusa.org / September 2020



Affordability

- The Council is determined to protect ratepayers from unreasonable rate increases. While the flexibility of the design ensures a reasonable possibility that Entergy New Orleans can meet this standard without significantly raising rates, there is cause for concern - most states with an 100% renewable energy target have both higher average incomes and higher electricity rates than New Orleans.
- Including a Customer Protection Cap offers additional assurance that rates will not increase unreasonably because of the RCPS.

States (and DC) Having 100% Renewable Targets
Household Incomes (2018)
Average Retail Electric Rate (\$/kWh)



The Starting Point

- The analysis performed in ENO's 2018 Triennial Integrated Resource Plan Process demonstrated that ENO is not likely to have a need to add significant amounts of new resources to meet customer needs until 2032. The chart below shows ENO's projected need along with the known projects expected to be added:

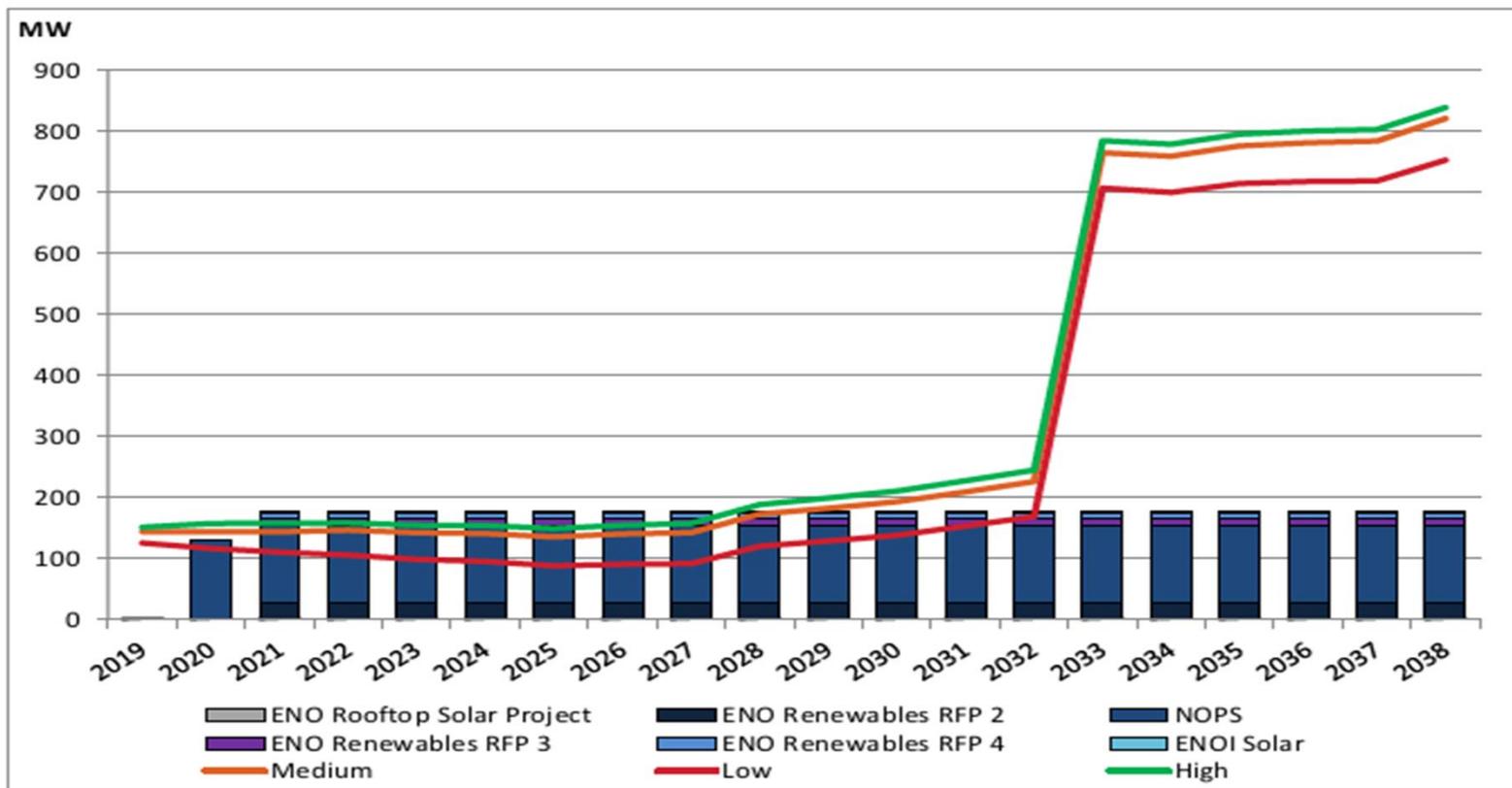


Figure 2: ENO's Projected Long-Term Resource Requirements



The Tier System

- High-priority resources are placed into a Tier that earns higher compliance credits.

Tier 1 - 1.25 Credit	Resources inside Orleans Parish (support distribution system reliability).
Tier 2 - 1.0 Credit	Eligible resources not in Tier 1, such as renewable and zero-carbon resources outside Orleans Parish.
Tier 3 - 1.0 Credit	Electric vehicle charging infrastructure and any other Qualified Measure proposed to and approved by the Council.



Keeping Costs Affordable While Ensuring Success

- An array of zero-carbon emissions resources (including renewable energy) count toward achievement of the Council's standard.
 - Demand-side management, distributed energy resources, energy efficiency, energy storage resources, fuel cells using renewable energy, geothermal, hydroelectric, nuclear, ocean wave, ocean thermal, solar photovoltaic, solar thermal, tidal current, and wind.
- A Customer Protection Cost Cap limits compliance costs to not more than 1% of plan year total utility retail sales in order to control the bill impact of the regulations.



Accountability & Enforceability

- Mandatory, enforceable standard, with reporting requirements. Entergy must maintain a website where it posts its compliance information so that the public may review it.
- If Entergy imprudently fails to meet the standard, the Council may impose penalties, the cost of which Entergy may not pass through to its customers.
- If Entergy is unable to comply with the RCPS through reasonable measures even though it has behaved prudently, it will pay an Alternative Compliance Payment into a CleanNOLA Fund at a \$/MWh rate of shortfall (up to the cost cap) and those funds must be used for projects (which may or may not be owned by Entergy) for RCPS compliance purposes.
- Entergy must file three-year compliance plans with the Council for approval prior to implementation.



Questions?

